

A weekly update of energy prices and issues to help leaders assess energy trends throughout the year.

Media Excerpts: A snapshot of state and national energy issues*

American Energy Security Study Implementation Plan Underway. On December 5, American Energy Security announced that the Commonwealth of Kentucky has once again taken the lead with funding for the American Energy Security (AES) initiative, making another commitment this month for \$100,000 through its Governor's Office of Energy Policy. AES has entered into the "Implementation Phase," and is raising an additional \$750,000 from industry and state, national and local government sponsors to fund our ongoing national program. AES also has received Implementation Phase funding pledges from several other states. "With these pledges and the commitments from Kentucky, Peabody Energy and Rentech, we believe we are already about half way to our \$750,000 goal," according to Ken Nemeth, the AES Chairman. Mr. Nemeth serves as the Executive Director and Secretary of the Southern States Energy Board (SSEB), a founding member and manager of the American Energy Security program. AES staff members have entered into discussions with states across America. A broad coalition of industry support also is being sought. ("AES Study Implementation Plan Underway" *AES Press Release*, 12/05/06)

EPA Challenges Top Corporations to Double Use of Green Power. The U.S. Environmental Protection Agency is asking Fortune 500 companies to step up to the plate and double their current level of green power purchasing. Green power is environmentally friendly electricity obtained from renewable sources such as solar, wind, geothermal, biomass, biogas and low-impact hydro. The goal of the green power challenge is to exceed 5 billion kilowatt hours (kWh) of green power purchases among participating companies. Five billion kilowatt hours could power more than 400,000 average American homes or avoid the equivalent CO2 emissions associated with more than 680,000 passenger cars each year. There are more than 40 Fortune 500 companies participating in the Green Power Partnership; their annual green power purchases currently total 2.5 billion kWh. ("EPA Challenges Top Corporations to Double Use of Green Power" *EPA Press Release*, 12/04/06)

New Solar Cell Breaks the "40 Percent Efficient" Sunlight-to-Electricity Barrier. U.S. Department of Energy (DOE) Assistant Secretary for Energy Efficiency and Renewable Energy Alexander Karsner today announced that with DOE funding, a concentrator solar cell produced by Boeing-Spectrolab has recently achieved a world-record conversion efficiency of 40.7 percent, establishing a new milestone in sunlight-to-electricity performance. This breakthrough may lead to systems with an installation cost of only \$3 per watt, producing electricity at a cost of 8-10 cents per kilowatt/hour, making solar electricity a more cost-competitive and integral part of our nation's energy mix. ("New Solar Cell Breaks The 40 Percent Efficient Sunlight- to- Electricity Barrier" *U.S. Department of Energy Press Release*, 12/05/06)

New EIA Outlook Reflects Energy Market Shift towards Nuclear, Biofuels, Coal-to-Liquids, and Accelerated Efficiency Improvements. The *Annual Energy Outlook 2007 (AEO2007)* reference case, released today by the Energy Information Administration (EIA), reflects the evolution of energy markets in an era of high prices by projecting growth in nuclear capacity and generation, more biofuels (both ethanol and biodiesel) consumption, growth in coal-to-liquids (CTL) capacity and production, growing demand for unconventional transportation technologies, and accelerated improvements in energy efficiency throughout the economy. ("EIA Reports" *EIA Press Release*, 12/05/06)

Ethanol demand gives corn prices a boost, creates risk for farmers The ethanol industry's growing appetite for corn has pushed prices for the grain to their highest levels in a decade amid a surge that agricultural experts say could lead farmers next spring to plant their largest corn crop in 60 years. Farmers -- including those in Kentucky and Indiana -- who plant more corn in 2007, however, will be betting that the nation's burgeoning ethanol industry won't go bust and oil prices stay high, keeping up demand for the corn used to make ethanol, said Chris Hurt, a Purdue University agricultural economist. "It's a wonderful time for corn producers. They're extremely excited, but they're also apprehensive because they've seen booms before and they don't last." More than 150 U.S. ethanol plants are under construction, planned or in operation, and market forces are pushing up demand for corn. ("Ethanol demand gives corn prices a boost, creates risk for farmers" *Courier Journal*, 12/03/06)

Utilities receive tax credit for plant. Louisville Gas & Electric Co. and Kentucky Utilities were awarded a \$125 million federal tax credit yesterday for the reduced-emissions technology used in their new 750-megawatt coal-burning power plant under construction in Trimble County. The credit, part of \$1 billion package going to six utilities, effectively lowers the cost of the \$1.2 billion generating station by more than 10 percent. "Certainly what we want to do is give our customers the benefits of these credits," said Laura Douglas, spokeswoman for E.ON U.S., the Louisville parent company of LG&E and KU. Regulated electric companies in Kentucky are allowed to recover the costs of plant construction from their customers, so any savings in construction costs and pollution-control equipment are passed on to ratepayers, said Andrew Melnykovich, spokesman for the Kentucky Public Service Commission. "Obviously the PSC is going to be pleased with anything that provides benefits to the rate payers." The award comes from a fund set up through the 2005 Energy Policy Act. Another \$650 million will be awarded in a second phase next year, according to the U.S. Department of Energy, but E.ON can't submit the same project for more money. The Trimble project was selected from among 49 applications for the tax credit. Other winners included Duke Energy, Tampa Electric, Southern Co., Carson Hydrogen Power and Texas Energy. ("Utilities receives tax credit for plant" *Courier - Journal*, 12/01/06)

These are media summaries. Please consult the source directly to ensure the accuracy of the information presented. Underlined titles are links to online articles in their entirety.



Kentucky Retail Fuel Prices (Dollars per gallon)

Product	12/06/06	11/29/06	11/21/06	11/15/06	Year Ago
Propane	2.034	1.966	1.956	1.954	2.040
Heating Oil	2.297	2.260	2.262	2.272	2.208
Gasoline (State avg.)	2.241	2.204	2.187	2.169	2.099
Ashland	2.258	2.234	2.265	2.225	2.078
Covington	2.293	2.230	2.228	2.231	2.150
Lexington	2.216	2.225	2.210	2.164	2.137
Louisville	2.224	2.231	2.201	2.129	2.156
Owensboro	2.177	2.109	2.106	2.119	2.073
Diesel (State avg.)	2.570	2.543	2.541	2.540	2.465
Ashland	2.573	2.549	2.561	2.573	2.440
Covington	2.602	2.604	2.603	2.577	2.553
Lexington	2.607	2.603	2.592	2.595	2.530
Louisville	2.570	2.583	2.580	2.573	2.535
Owensboro	2.527	2.475	2.659	2.494	2.359

Note: The record high average price for gasoline in Kentucky is \$3.049 and occurred on Sept. 3, 2005.

Source: Propane and Heating Oil: [KDRE3/EIA Survey](#)

Gasoline (unleaded regular) & Diesel: National AAA, <http://www.fuelgaugereport.com/KYavg.asp>

Wholesale Fuel Prices

Spot Prices	12/06/06	11/29/06	11/21/06	11/15/06	Year Ago
Crude Oil (Dollars per barrel)	62.20	62.47	58.03	58.77	59.95
West Texas Intermediate, fob					
Natural Gas (Dollars per MMBtu)	7.770	7.750	7.580	7.470	13.570
Henry-Hub					

Source: Oilenergy.com

Futures		Dec-06	Jan-07	Feb-07
Crude Oil (Dollars per barrel)	12/06/06	-	62.19	63.52
Light Sweet Crude Oil	11/29/06	-	62.46	63.82
	11/21/06	-	60.17	61.54
Natural Gas (Dollars per MMBtu)	12/06/06	-	7.727	7.803
Henry-Hub	11/29/06	-	8.871	8.900
	11/21/06	7.988	8.437	8.492
Propane (Cents per gallon)	12/06/06	-	100.85	100.00
	11/29/06	100.40	100.90	100.25
	11/21/06	94.75	95.75	94.85
Coal (Dollars per ton)	12/01/06	43.00	-	-
Central Appalachian	11/24/06	41.00	-	-
	11/17/06	39.00	-	-

Source: [NYMEX closing price](#) and [EIA Coal Futures](#)

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